


OCA 86-0440  
12 February 1986



## MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Jamie Cowen, Senate Governmental  
Affairs Staff on Retirement

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1. On 7 February 1986 [redacted] Employee Benefits and Services Division, Office of Personnel and [redacted] and the undersigned, Office of Congressional Affairs met with Jamie Cowen, Senate Governmental Affairs staff to discuss retirement legislation.

2. Cowen began by indicating that the staffs from the House and Senate have hammered out a plan that they believe will have the support of their members. They have eliminated the Option A and B that was a part of the earlier Senate plan. Basically the plan has three tiers, social security, a defined benefit plan and a thrift plan.

3. Under the plan a non-CIARDS employee could retire at age 55 with 30 years service, with a social security supplement from age 55 to 62. There would be a 1% accrual rate based on his high three year average salary. The retirement age will increase to 57 as the social security age goes up from 62 to 67 in the out years.

4. The government would make a mandatory 1% contribution to every employee's thrift plan. For the first 3% the employee contributes, the government will also contribute 3%. The government will contribute 1/2% for each of the next 2% the employee contributes. Thus if the employee contributes a total of 5% the government will also make a 5% contribution. The employee may also make an additional 5% contribution with no matching funds from the government.

5. Cowen said the CIARDS participants would be in the special category along with law enforcement officers, firefighters and air traffic controllers. Retirement will remain at age 50 with 20 years service and for 25 years of service at any age. Their accrual rate will be 1.7% for the first twenty years and at 1% after that. He confirmed that there was no chance for a COLA before the age of 62 for either CIARDS or non-CIARDS participants.

6. The congressional staff will be meeting with administration officials to discuss their plan on 10 February. The two major problems areas according to Cowen will be the investment board for the thrift plan and the overall cost of the plan. Estimated costs for the congressional plan is 22.8% of payroll costs while the administration is reportedly holding out for only 22%.

7. Cowen indicated that his staff is contacting State, Justice and DOD in addition to the Agency to ask them to have their Director or Deputy Director call the administration to urge them to accept the congressional plan. He believes that the support of these officials is crucial to the passage of the bill since the administration has balked at its cost. He expressed the view that will be no alternative to this plan other than extending the deadline or continuing to double tax on federal employees, neither of which are acceptable to anyone.

8. The staffs will present their plan to the members when they return from the Lincoln Day Recess, then go to conference at the end of February and spend about a month drafting the bill. They seem certain that Congress will approve the bill and send it to the President before the stopgap legislation expires on 30 April. Cowen said that he did not have a draft of the plan but that we could submit any language that we wanted based on the Senate bill. He keeps Senator Stevens informed about the various Agencies and believes it is not necessary for us to contact the Senator to seek his support, as we already have it.

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